



Work and Pensions Committee

House of Commons | London | SW1A 0AA

From the Chair

20 May 2022

Dear Prime Minister,

Universal Credit – The cost of living

At the Liaison Committee on 30 March 2022, I discussed with you how the rising cost of living is affecting people who are not in work and are reliant on Universal Credit. The Committee has asked that I write to you setting out steps the Government could take to help people battling rising living costs on very low incomes.

We are particularly concerned that benefit payments are falling far short of the rising rate of inflation. After the £20 per week temporary uplift to Universal Credit was removed last October, the headline rate of benefits was the lowest in real terms for over thirty years. As you know, [twelve-month CPI Inflation rose to 9%](#) in the year to April 2022 and [the Bank of England](#) has predicted that by the end of the year, CPI inflation will have risen to around 10%. Last month, people on benefits, some of the most hard-pressed in our society, received an uplift of just 3.1% and they aren't expecting another uplift until April 2023.

During the Liaison Committee, I asked why the Spring Statement included no additional help for people dependent on benefits. We appreciate recent actions the Government has taken to alleviate financial hardship, including the temporary £20-a-week uplift to Universal Credit during the pandemic, the reduction in taper rate, and the introduction of the Household Support Fund. However, we have heard evidence that many people need more support urgently, given rising energy, food and other living costs.

At the Liaison Committee, you discussed whether benefits could be uprated in advance of April 2023, using a more recent measure of inflation to ensure people on Universal Credit and legacy benefits aren't managing a huge loss in their real incomes. You said in answer to the Chair of the Treasury Committee:

I am going to have to go and look at how you do it in a fiscally neutral way [...] But I am very happy to ask the Treasury to look at your suggestion.

In the [Tackling Short-term and Long-term Cost of Living Increases](#) debate this week, The Chair of the Treasury Committee and I called for an interim benefits increase - I suggested increasing Universal Credit immediately and legacy benefits in October - in response to current high inflation.

Have you now considered an interim rise in uprating Universal Credit and legacy benefits in order to bring them more in line with the rising rates of inflation?

If the Government is not considering this, please update my Committee on how the Government is planning to support people who are out of work and on low incomes during this time in which living costs are rapidly rising.

We would be grateful for a reply by **Friday 10 June**.

Yours sincerely,

A handwritten signature in black ink that reads "Stephen Timms". The signature is written in a cursive style with a horizontal line above the name.

Rt Hon Stephen Timms MP
Chair